

Press Release

Bansal Pathways Private Limited

June 18, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 25.00 Cr.
Long Term Rating	ACUITE A- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE A-**' (**read as ACUITE A minus**) on the Rs.25.00 crore bank facilities of Bansal Pathways Private Limited (BPPL). The outlook is '**Stable**'.

Bansal Pathways Private Limited is a special-purpose vehicle (SPV) sponsored by Bansal Construction Works Private Limited. The company was incorporated in 2011 to undertake construction of 2-lane road between Garakota-Rehli-Devri (49.30Km) and Rehli-Gorjhamar (18.08 Km) in Madhya Pradesh. The project road is a section of State Highway-14 with a total length of 67.38 kilometres. The project has been awarded by Madhya Pradesh Road Development Corporation (MPRDC) to be executed under BOT on a build-operate-transfer (Toll plus Annuity) basis. The concession period is 15 years and the construction period was 2 years and based on semi-annual annuity payment. The project cost was Rs.118.52 crore and was funded through term loans of Rs.82.00 crore, equity of Rs.25.00 crore and quasi capital of Rs.11.52 crore. Further, the company has achieved the COD on October 28, 2013 and has received around 9 annuities as on May 2018.

Key Rating Drivers

Strengths

- **Experienced management**

The Bansal Group, a civil construction company established in 1980 undertakes construction of roads and highways apart from other infrastructure development work through Bansal Construction Work (BCW). Later in 2010, the group floated Bansal Construction Work Private Limited to undertake civil construction work and transferred the construction business to BCWPL. The Directors, Mr. Sunil Bansal and Mr. Anil Bansal have over three decades of experience in civil construction and toll road work.

- **Early completion of the project and debt service reserve account (DSRA)**

BPPL has completed the construction and achieved final commercial operation date (COD) i.e. 28 October, 2013 10 months before the actual COD i.e. 11 September, 2014. On account of early completion, BPPL has received bonus annuity of Rs.14.31 crore in May 2014. Further, the company has also received 9 annuities as on May 2018. Moreover, the company has created DSRA account of Rs.3.09 crore equivalents to three months of debt servicing.

- **No counter party default risk**

BPPL has lower counter party risk considering that MPRDC is a government entity and counter-party default risk is minimal. BPPL is expected to receive most of the revenue of Rs.17.02 crore in annuity basis bi-annually from MPRDC.

Weaknesses

- **Operational and maintenance risk**

Bansal Pathway Private Limited is responsible for periodic maintenance and major maintenances. Further, the risk of higher maintenance cost still exists as compared to projected cost due to volatility in prices of key material used in maintenance. However, the company is likely to build major maintenance reserves (MMR) for adequate liquidity to meet the expenditure.

Analytical Approach

Acuité has considered standalone financial and business risk profile of BPPL to arrive at the rating.

Outlook: Stable

Acuité believes that the outlook on BPPL's rated facilities will remain 'Stable' over the medium term on account of steady flow of toll revenues and annuity from the project coupled with support of sponsors. The outlook may be revised to 'Positive' in case of significant improvement in toll revenues and improvement in cash flows from operations. Conversely, the outlook may be revised to 'Negative' in case of sharp decline in toll revenues or cash flow and/or lack of timely support from the sponsor.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	17.02	17.02	31.88
EBITDA	Rs. Cr.	16.48	16.91	29.10
PAT	Rs. Cr.	0.35	0.09	2.16
EBITDA Margin	(%)	96.83	99.38	91.29
PAT Margin	(%)	2.04	0.53	6.77
ROCE	(%)	9.14	9.51	22.69
Total Debt/Tangible Net Worth	Times	2.78	2.95	3.14
PBDIT/Interest	Times	1.96	1.63	2.92
Total Debt/PBDIT	Times	4.15	4.76	2.94
Gross Current Assets (Days)	Days	45	68	64

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-14.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	25.00	ACUITE A- / Stable

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About Acuité Ratings & Research:

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